

**PHILIP MORRIS BRANDS SARL v. ROTHMANS BRANDS
SDN BHD & ANOR**

HIGH COURT MALAYA, KUALA LUMPUR

AZIZAH NAWAWI J

[ORIGINATING SUMMONS NO: 24IP-16-04-2014]

28 MAY 2015

INTELLECTUAL PROPERTY: *Trade marks – Registered trade mark – Expungement – Application for – Whether there had been non-use of trade mark by first defendant for continuous period of three years – Whether first defendant’s launch of cigarettes bearing trade mark relevant for purpose of ‘use’ within s. 46(1)(6) of Trade Marks Act 1976 – Whether first defendant failed to show evidence of its use of trade mark within statutory period – First defendant decided to stop production of cigarettes bearing disputed trade mark – Whether first defendant could rely on s. 46(4) of Trade Marks Act 1976 – Whether plaintiff an aggrieved party – Whether plaintiff had genuine and present intention to use trade mark*

This was the plaintiff’s application for an order that the trade mark ‘PARLIAMENT’ and ‘PARLIAMENT & DEVICE’ (‘the first defendant’s PARLIAMENT Trade Marks’) in the name of the first defendant be expunged and removed from the Register of Trade Marks. The plaintiff, a company that was part of the Philip Morris International Inc group of companies (‘the PMI Group’) manufactured, distributed and sold tobacco products, including cigarettes under various brand names, including its leading brand Marlboro and PARLIAMENT. The first defendant, a trade marks holding company, was a wholly-owned subsidiary of British American Tobacco (Malaysia) Berhad (‘BAT Malaysia’), principally engaged in the manufacture and sale of tobacco products. The cigarettes bearing the word PARLIAMENT (‘PARLIAMENT cigarette’) were first introduced by BAT Malaysia into the Malaysian market through a launch sometime in January 2008 in Bidor and Slim River, Perak. However, after the launch of the PARLIAMENT cigarettes, and upon the results of the launch, the first defendant had made a commercial decision to temporarily halt the sale of PARLIAMENT Cigarettes for the time being and instead reviewed and revised their launch strategy in order to ensure the commercial success of their product. The plaintiff filed this application to expunge and remove the first defendant’s trade mark PARLIAMENT from the Register of Trade Marks pursuant to s. 46(1)(b) of the Trade Marks Act 1976 (‘TMA 1976’). The issues that arose were (i) whether the plaintiff was an aggrieved person, and (ii) whether there had been non-use by the first defendant of its trade mark PARLIAMENT for a continuous period of three years up to one month before this application to cancel the trade mark, that was, for the period of 9 March 2011 to 9 March 2014.

A Held (allowing plaintiff's application):

- B** (1) The plaintiff was an aggrieved party as the plaintiff had been using its trade mark 'PARLIAMENT' in many jurisdictions with the intention of expanding its business in Malaysia under the said mark. The plaintiff had first introduced the 'PARLIAMENT' trade mark in 1931 in the United States of America, and it had been selling its cigarettes bearing the trade mark 'PARLIAMENT' in approximately 60 jurisdictions around the world. Added to that, the plaintiff had filed its application to register its trade mark 'PARLIAMENT' in Malaysia on 5 March 2007, which clearly showed the commercial intention of the plaintiff to expand the use of its trade mark 'PARLIAMENT' into the Malaysian market. The plaintiff had a genuine and present intention to use its 'PARLIAMENT' mark; or else it would not be filing this application. (paras 20 & 22)
- C**
- D** (2) There is no requirement in law that the investigations and/or enquiries are only limited to market survey from supermarkets, hypermarkets, retail outlets, convenience stores and provision stalls as well as from the man on the streets. The probe investigations had made inquiries and inspection on public documents and the results were derived from the annual returns and from BAT Malaysia and the first defendant's own website. As far as *prima facie* evidence was concerned, it was reasonable for the plaintiff to rely on the annual returns of BAT Malaysia and its website. The probe investigations clearly showed that there had not been any use of the trade mark 'PARLIAMENT'. The probe investigations could not be said to be flawed. (paras 28, 31, 33 & 34)
- E**
- F** (3) Since the first defendant was a wholly-owned subsidiary of BAT Malaysia, being its trademarks holding company and all production of the tobacco products were handled by BAT Malaysia, it was highly relevant that the investigations be conducted on BAT Malaysia. Any investigations into BAT Malaysia would reflect all the brand names of cigarettes that are produced by BAT Malaysia. In any event, within the corporate governance documentation of BAT Malaysia, reference was made to its wholly owned subsidiaries, including the first defendant. From the first defendant's annual report, there was no reference made to tobacco products bearing 'PARLIAMENT' trade mark either.
- G**
- H** Therefore, the plaintiff had made out a *prima facie* case of non-use of the first defendant's 'PARLIAMENT' trade mark during the relevant statutory period. (paras 35 & 37)

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- (4) The only evidence relied on by the first defendant to establish the use of its trade mark 'PARLIAMENT' was the launch of cigarettes bearing the trade mark 'PARLIAMENT' in Bidor and Slim River in January 2008. During this launch, there was a sale of 8 1/2 cartons of 'PARLIAMENT' cigarettes. However, January 2008 was beyond the relevant statutory period, which was between 9 March 2011 to 9 March 2014. As such, the launch in January 2008 was not relevant for the purpose of 'use' within s. 46(1)(b) of the TMA 1976. Therefore, the first defendant had failed to show any evidence of use of its trade mark 'PARLIAMENT' within the statutory period. (para 38) A
B
- (5) The reason given by the first defendant for non-use, namely the collating of information and gathering insights to come up with a revised launch strategy, was not from an abnormal external event, but was clearly a commercial choice. After an unsuccessful launch in 2008, the first defendant had decided to stop the production of the 'PARLIAMENT' cigarettes. As such, the first defendant could not rely on s. 46(4) of the TMA 1976. Further, it was naive for the first defendant to blame the Control of Tobacco Products Regulations which prohibits all forms of tobacco advertising for the non-use of the 'PARLIAMENT' mark. The said Regulations had nothing to do with their commercial decision to stop the sale of the 'PARLIAMENT' cigarettes in the first place. (para 51) C
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Case(s) referred to:

Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v. Syarikat Faiza Sdn Bhd [2011] 9 CLJ 394 HC (*refd*)

BULOVA Trade Mark [1967] RPC 229 (*refd*)

Godrej Sara Lee Ltd v. Siah Teong Teck & Anor (No. 2) [2008] 7 CLJ 24 HC (*refd*)

Hermes Trade Marks [1982] RPC 425 (*refd*)

Imperial Group Plc v. Philip Morris Ltd & Anor [1984] RPC 293 (*refd*)

Lam Soon Edible Sdn Bhd v. Hup Seng Perusahaan Makanan (M) Sdn Bhd [2010] 5 CLJ 975 HC (*refd*)

LB (Lian Bee) Confectionery Sdn Bhd v. QAF Ltd [2012] 3 CLJ 661 FC (*refd*)

McLaren International Ltd v. Lim Yat Meen [2009] 4 CLJ 749 FC (*refd*)

Legislation referred to:

Trade Marks Act 1976, ss. 3(2), 45, 46(1)(b), (4)

For the plaintiff - Janini (Quah Su Enn with her); M/s Sreenevasan

For the first defendant - Karen Abraham (Tamara Lee with her); M/s Shearn Delamore & Co

Reported by Suhainah Wahiduddin

A JUDGMENT

Azizah Nawawi J:

Application

B [1] This is the plaintiff's application for an order that Trade Mark Registration Nos. R/001430, R/017461, S/022275, M/077086 for the Trade Mark "PARLIAMENT"; and Trade Mark Registration Nos. 92002485, 06023526 and 07023349 for the Trade Mark "PARLIAMENT & DEVICE" in Class 34 (the "first defendant's PARLIAMENT Trade Marks") in the name of the first defendant be
C expunged and removed from the Register of Trade Marks, Malaysia.

D [2] The main grounds of the application is that there was no use in good faith by the first defendant of the first defendant's trade marks in relation to the goods for which they are registered and that the plaintiff has at present a genuine intention to use (whether directly or through its subsidiaries, licensees and associated companies) trademarks incorporating the word PARLIAMENT in Malaysia in relation to tobacco products and smokers' articles, in particular cigarettes.

The Salient Facts

E [3] The plaintiff is a company incorporated in Switzerland and is part of the Philip Morris International Inc group of companies ('the PMI Group'). The plaintiff manufactures, distributes, offers for sale and sells tobacco products and smokers articles, including cigarettes under various brand names, including its leading brand, Marlboro and PARLIAMENT. The PMI
F Group claimed to be the leading international tobacco company with products sold in more than 180 countries.

G [4] The plaintiff's PARLIAMENT trademark was introduced in the United States of America by its predecessor in business, Benson & Hedges Co, and was subsequently launched in other markets. The tobacco products bearing the trade mark PARLIAMENT have been sold in numerous countries around the world, except Malaysia.

H [5] The first defendant is a company incorporated in Malaysia on 21 November 1985 as a trade marks holding company. It is a wholly-owned subsidiary of British American Tobacco (Malaysia) Berhad ("BAT Malaysia"). BAT Malaysia is part of the BAT plc group of companies ("BAT Group"). The BAT Group is principally engaged in the manufacture and sale of tobacco products, and claimed to be the world's second largest independent tobacco products manufacturer, selling over 300 brands in 180 countries. In Malaysia, BAT Malaysia supplies its tobacco products
I through its wholly-owned subsidiary, Commercial Marketers and Distributors Sdn Bhd.

[6] The first defendant is the registered proprietor of the following PARLIAMENT trade marks in Malaysia: **A**

No.	Trade Mark Registration No.	Trade Mark	Registration Date	Specification	
1.	R/001430	PARLIAMENT	1.9.1953	Cigarettes; all included in Class 34	B
2.	R/017461	PARLIAMENT	16.11.1977	Tobacco; Raw or Manufactured, Smokers' Articles, Matches; All included in Class 34	C
3.	S/022275	PARLIAMENT	23.11.1977	Tobacco and Tobacco Products, Cigarettes, Cigars, Smokers' Articles and Matches	D
4.	M/077086	PARLIAMENT	23.11.1977	Tobacco and Tobacco Products, Cigarettes, Cigars, Smokers' Articles and Matches, all included in Class 34	E
5.	92002485		20.4.1992	Cigarettes, cigars, tobacco products; lighters, matches and smokers' requisites; All included in Class 34	F
6.	06023526		21.12.2006	Cigarettes, tobacco, tobacco products, smokers' articles, lighters, matches; All included in Class 34	G
7.	07023349		27.11.2007	Cigarettes, tobacco, tobacco products, smokers' articles, lighters matches; All included in Class 34	H I

A [7] The first defendant's PARLIAMENT Trade Marks have been registered as a word mark under Trade Mark Nos. R/001430, R/017461, S/022275 and M/077086. The first defendant's Trade Mark No. 92002485 has also been registered as a device mark together with the word PARLIAMENT and also registered as a get-up under Trade Marks
B Nos. 06023526 and 07023349, also having the word PARLIAMENT.

[8] The cigarettes bearing the word PARLIAMENT ("PARLIAMENT Cigarettes") were first introduced by BAT Malaysia into the Malaysian market through a launch sometime in January 2008 in Bidor and Slim River, Perak.

C [9] According to the first defendant, the purpose of this market launch in 2008 was to test the response and acceptance of adult smokers to the PARLIAMENT Cigarettes at a price range of the said RM6.70 in Malaysia.

D [10] However, after the launch of the PARLIAMENT Cigarettes in 2008 and upon the results of the launch, the first defendant has made a commercial decision to temporarily halt the sale of PARLIAMENT Cigarettes for the time being and instead review and revise their launch strategy in order to ensure the commercial success of their product. Hence the first defendant has since been studying and collating information in order to come up with a revised launch strategy.
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[11] The plaintiff filed this application on 9 April 2014 to expunge and remove the first defendant's trademarks PARLIAMENT from the Register of Trade Marks pursuant to s. 46(1)(b) of the TMA 1976.

Findings Of The Court

F [12] The plaintiff's application is premised on s. 46(1)(b) of the TMA 1976, which reads as follows:

G (1) Subject to this section and section 57, the Court may, on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any goods [or services] in respect of which it is registered on the ground:

(a) ...

H (b) That up to one month before the date of the application a continuous period of not less than three years has elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark in relation to those goods [or services] by the registered proprietor or the registered user of the trade mark for the time being.

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[13] For the purpose of s. 46(1) of the TMA 1976, it is common ground that the plaintiff would have to prove and establish two (2) conditions, namely:

- (i) That the plaintiff is an aggrieved person; and
- (ii) That there has been non-use by the first defendant for a continuous period of three years up to one month before the application to cancel the trade mark.

[14] In respect of the present case, the plaintiff must establish that it is an aggrieved person and that there has been non-use by the first defendant of its trademark PARLIAMENT for a continuous period of three years up to one month before this application to cancel the trade mark, that is, for the period 9 March 2011 to 9 March 2014.

Issue (i) Whether The Plaintiff Is An Aggrieved Person

[15] The term ‘aggrieved person’ in the context of ss. 45 and 46 of the TMA 1976 was discussed by the Federal Court in *LB (Lian Bee) Confectionery Sdn Bhd v. QAF Ltd* [2012] 3 CLJ 661 where the Federal Court held that:

[14] ... A “person aggrieved” need not be a person with any specific right. A “**person aggrieved**” in this context may include **someone with simply a bona fide intention to use a trade mark that is registered** but which had not been used by the registered proprietor or any registered user for a continuous period of not less than three years up to one month before the date of an application under s. 46(1) of the TMA to expunge ...

...

Thus a “**person aggrieved**” may have no rights at all but **merely a genuine intention to use a trade mark that is registered** but which has not been used by the registered proprietor. (emphasis added)

[16] The Federal Court in *LB*’s case (*supra*) then quoted its earlier decision in *McLaren International Ltd v. Lim Yat Meen* [2009] 4 CLJ 749 at p. 759:

[22] We understand that passage as laying down the principle that a **person aggrieved is a person** who has used his mark as a trademark - or **who has genuine and present intention to use his mark as a trademark** - in the course of a trade which is the same as or similar to the trade of the owner of the registered trademark that the person wants to have removed from the register. (emphasis added)

[17] In *Agricultural and Processed Food Products Export Development Authority of India (APEDA) & Ors v. Syarikat Faiza Sdn Bhd* [2011] 9 CLJ 394, Azahar Mohamed J (as His Lordship then was) in citing the Federal Court decision of *McLaren International Ltd* (*supra*) held at pp. 401 - 402:

[11] ... The registration of the PONNI trade mark is blocking the use of the name and mark Ponni by others who have trading interests in Ponni rice. The applicants’ interests are and could further be negatively affected by the exclusive claim by the

- A *respondent over the PONNI trade mark... a trade mark in Malaysia could and would affect their ability to distribute and/or otherwise trade in PONNI rice in Malaysia and elsewhere. Hence, in my judgment, singly and collectively the applicants are persons aggrieved within the meaning of s. 45 of the Act. (emphasis added)*
- B [18] In the present case, it is not in dispute that the plaintiff's trade mark 'Parliament', which is used in other countries, is similar to the first defendant's trade marks 'PARLIAMENT'.
- C [19] It is the plaintiff's case that it is an aggrieved party as the plaintiff has a genuine and present intention to use its trade mark 'Parliament' in Malaysia.
- D [20] Having considered the affidavits and the submissions of the parties, I am of the considered opinion that the plaintiff is an aggrieved party as the plaintiff has been using its trade mark 'Parliament' in many jurisdictions with the intention of expanding its business in Malaysia under the said mark. The plaintiff had first introduced the "Parliament" trade mark in 1931 in the United States of America, and it has been/is selling its cigarettes bearing the trade mark "Parliament" in approximately 40 countries around the world. It has also registered its trade marks comprising the word "Parliament" in approximately 60 jurisdictions around the world. Added to that, the plaintiff
- E has filed an application to register its trade mark 'Parliament' in Malaysia on 5 March 2007. All these clearly show the commercial intention of the plaintiff to expand the use of its trade mark 'Parliament' into the Malaysian market.
- F [21] However, it is the contention of the first defendant's that since the plaintiff had first applied to register its trade mark bearing the word "PARLIAMENT" on 5 March 2007 in Malaysia, then therefore the *bona fide* intention is to be assessed as at 5 March 2007 ie, at the date of the filing of the application of the plaintiff's trade mark applications, and not seven years later when the plaintiff filed this application. The first defendant
- G therefore submits that the plaintiff does not possess a genuine and present intention to use the PARLIAMENT trade mark in Malaysia.
- H [22] There is nothing in law to state that the genuineness of the intention is to be assessed when the plaintiff filed its application for trade mark registration. In *McLaren International Ltd (supra)*, the court held that a person aggrieved is a person who has genuine and present intention to use his mark as a trade mark. It goes without saying that with the filing of this application, the plaintiff has a genuine and present intention to use its 'Parliament' mark; or else it would not be filing this application.
- I *Issue (ii) Whether The Defendant's Marks Should Be Expunged For Non-Use*
- [23] The next issue is on the non-use of the first defendant's 'Parliament' mark for a continuous period of not less than three years up to one month before the filing of this application. In the present case the originating

summons was filed on 9 March 2014. Under s. 46(1)(b), there must be a continuous non-use of three (3) years before 9 March 2014. The relevant period for consideration is between 9 March 2011 to 9 March 2014.

[24] It is also common ground that since it is the plaintiff who is applying to rectify the Register of Trade Marks, the onus of proof is on the plaintiff to establish *prima facie* evidence on non-use. A passage from *Kelly's Law of Trade and Mark Names*, 12th edn. says that "where the applicants for rectification furnished no evidence as to the manner of trading under the respective marks, they were held not to have discharged the onus upon ...".

[25] In *Godrej Sara Lee Ltd v. Siah Teong Teck & Anor* (No. 2) [2008] 7 CLJ 24, Ramly Ali J held as follows:

[19] Case law has suggested that all the applicant for rectifications has to prove at the outset is *prima facie* case of non-use. Once this is done, the burden falls upon the registered proprietor being the 1st respondent (in the present case) to show evidence of use during the material period of time. (*Trina Trade Mark* [1977] RPC 131).

[20] In the present case, a *prima facie* case has been made out. Independent investigations have been carried out by the applicant ...

[21] It is thus clear that a *prima facie* case has been established. It is thus up to the 1st respondent to refute this position. The question is whether the 1st respondent has in fact done this. For an answer to this, the affidavits in reply filed by the 1st respondent have to be considered.

[26] The plaintiff relies on two reports to establish *prima facie*, a case of non-use by the first defendant. The two reports are dated 5 December 2013 and 7 April 2014 prepared by a firm of investigators, Probe International Corporate Investigation Limited ('Probe'). From the said reports, the results made by Probe are as follows:

- (i) From the annual returns of BAT Malaysia (of which the first defendant is a wholly owned subsidiary) published on the BAT Malaysia website, there was no reference to the brand 'Parliament' in the said returns for the years 2001 to 2012;
- (ii) From the inspection of BAT Malaysia price list of its products, there was no reference to 'Parliament';
- (iii) From the inspection of BAT Malaysia annual return for the year 2013, there was no reference to 'Parliament' in BAT Malaysia's brands and new product development list;
- (iv) From the inspection of the contents of 'bat-ingredients.com' where BAT Malaysia's brands were listed, it was found that there was no listing for 'Parliament';

- A (v) From the enquiries made with leading duty free operators, it was also confirmed that the first defendant's 'Parliament' brand tobacco products had not been sold via duty free;
- (vi) From a search of product and image databases for Malaysia in respect of tobacco products, it also confirmed that 'Parliament' products are not on sale in Malaysia; and
- B (vii) From enquiries with BAT Malaysia in South East Asia, it also disclosed that there had been no use or commercialization of 'Parliament' as a brand on BAT products sold in South East Asia.
- C [27] The plaintiff also produced a document, which is a statutory declaration dated 11 December 2013 ('exh. A-7'), which was used in an opposition proceedings in Nigeria between the plaintiff and Benson & Hedges (Overseas) Limited (part of the BAT Group). In the said statutory declaration, it contains a statement that 'Parliament' is only used in Australia and South Africa. This, the plaintiff submits amount to a clear admission that the first defendant's trade marks are not used in Malaysia.
- D [28] From the Probe's reports and exh. A-7, I am of the considered opinion that the plaintiff has established a *prima facie* case of non-use of the 'Parliament' trade mark by the first defendant in Malaysia. The Probe investigations into the annual returns of the BAT Malaysia, including the first defendant and its website clearly show that there has not been any use of trade mark 'Parliament'.
- E [29] However, it is the submission of the first defendant that the first Probe Report is dated 5 December 2013 and it therefore does not cover the relevant period from 5 December 2013 to 9 March 2014. But, I agree with the plaintiff that the second Probe Report, which is dated 7 April 2014 clearly covers this relevant period.
- F [30] The first defendant also submits that the Probe Reports do not establish a *prima facie* case of non-use as the Probe Reports has failed to comply with the minimum requirements set out in *Imperial Group Plc v. Philip Morris Ltd & Anor* [1984] RPC 293 as applied by Justice Azhar Mohamed in *Lam Soon Edible Sdn Bhd v. Hup Seng Perusahaan Makanan (M) Sdn Bhd* [2010] 5 CLJ 975. The first defendant submits that there was no evidence of supermarkets, hypermarkets, retail outlets, convenience stores and provision stalls having been visited so as to find out if any of them sells 'Parliament' brand of tobacco products.
- G [31] However, I agree with the plaintiff that there is no requirement in law that the investigations and/or enquiries are only limited to market survey from supermarkets, hypermarkets, retail outlets, convenience stores and provision stalls as well as from the man on the streets. We are not dealing with a local brand name of curry powder meant for local consumption where a market survey may be more relevant and appropriate in order to ascertain its use.
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[32] In the present case we are dealing with two entities who claim to be the world's leading (PMI Group) and second leading (BAT Group) international tobacco company with products sold in more than 180 countries. These international companies, including their local branches, have filed their corporate governance documentations on their website. BAT Malaysia publishes its annual reports on its website, in the public domain. Surely the best way to secure evidence is by extracting the information from their websites, including from the annual returns of the BAT Malaysia and BAT Malaysia's price list. The annual returns and the price lists of the tobacco products will clearly reflect all the products produced by BAT Malaysia. This is clearly direct evidence into the use of the first defendant's trade mark, since it is the trademark holding company for BAT Malaysia.

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[33] On the issue of the credentials of Probe as raised by the first defendant, I find that even if the same is lacking in their reports, it is relevant with regards to the conduct of a market survey. However, in the present case, Probe did not conduct any market survey, but have made inquiries and inspection on public documents and the results are derived from the annual returns and from BAT Malaysia and the first defendant's own website.

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[34] The first defendant also submits that the BAT Malaysia's Annual Reports and website only highlights a few brands and not all their brands. Even if that was the position, I would still agree with the plaintiff that it is up to the first defendant to produce the full list to show the true picture. However, as far as *prima facie* evidence is concerned, I find it to be reasonable for the plaintiff to rely on the annual returns of BAT Malaysia and its website, which also includes information on the first defendant. The Probe investigations cannot be said to be flawed and incomplete simply because the first defendant had not given the full facts in its annual reports and on its website.

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[35] The first defendant further submit that the Probe investigations were carried out on BAT Malaysia, and was not carried out on the first defendant, the registered proprietor of the trade marks. But then again, it is not in dispute that the first defendant is a wholly owned subsidiary of BAT Malaysia and it was incorporated as a trade marks holdings company. It is BAT Malaysia that manufactures and marketed the tobacco products since 1912, as well as introducing the new products, the new trademarks and the get-ups to identify its products. And it is also BAT Malaysia that supplies the tobacco products through another wholly-owned subsidiary, Commercial Marketers and Distributors Sdn Bhd. Therefore, since the first defendant is a wholly-owned subsidiary of BAT Malaysia, being its trademarks holding company and all production of the tobacco products are handled by BAT Malaysia, then it is highly relevant that the investigations be conducted on BAT Malaysia. Any investigations into BAT Malaysia would reflect all the brand names of cigarettes that are produced by BAT Malaysia. In any event, within the corporate governance documentation of BAT Malaysia, reference

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A was made to its wholly owned subsidiaries, including the first defendant. From the first defendant's annual reports, there was no reference made to tobacco products bearing 'Parliament' trade mark either.

B [36] With regards to the first defendant's submission that the statutory declaration (exh. A-7) is only relevant to a historical conflict and its inclusion was taken out of context, I agree with the plaintiff that any fact admitted in a statutory declaration is an admission of a fact. I fail to see how it can be seen or interpreted otherwise in a different context.

C [37] Therefore, I find that the plaintiff has made a *prima facie* case of non-use of the first defendant's 'Parliament' trade mark during the relevant statutory period. Thus, the burden then shifts to the first defendant to prove that there has been use of the first defendant's "Parliament" trade marks in this country.

D [38] The only evidence relied by the first defendant to establish the use of its trade mark 'Parliament' is the launch of cigarettes bearing the trade mark 'Parliament' in Bidor and Slim River in January 2008. During this launch, there was a sale of 8 1/2 cartons of 'Parliament' cigarettes. However January 2008 is beyond the relevant statutory period, which is between 9 March 2011 to 9 March 2014. As such, the launch in January 2008 is not relevant for the purpose of 'use' within s. 46(1)(b) of the TMA 1976. Therefore, I find
E that the first defendant has failed to show any evidence of use of its trade mark 'Parliament' within the statutory period.

F [39] The first defendant further submits that it has in fact 'used' its trade mark 'Parliament' during the statutory period as it has been conducting research and development to ensure the commercial success of 'Parliament' cigarettes. There was never an intention to abandon or discontinue 'Parliament' cigarettes since its launch in 2008 and it had also been renewing each registration continuously. Since 2008, the first defendant says that it has been continuously studying and collating information in order to come up with a revised launch plan for 'Parliament' cigarettes.
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H [40] However, I agree with the plaintiff's submission that 'studying and collating information' and gathering insights' in order to come up with a revised launch plan, even if proven to take place, does not amount to 'use' of the first defendant's trade marks. With regards to the 'use' of a trade mark, the relevant s. 3(2) of the Act 175 provides that:

In this Act -

- I (a) references to the use of a mark shall be construed as references to the use of a printed or other visual representation of the mark;
- (b) references to the use of a mark in relation to goods shall be construed as references to the use thereof upon, or in physical or other relation to, goods;

[41] In *Godrej Sara Lee Ltd (supra)*, it was held as follows:

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For actual use to arise, there must be use of the mark on or in relation to goods. This would include affixing the mark to goods or in an advertisement, circular, catalogue ... In the case of *J Lyons & Co, Ltd's* Application for Rectification of the Register in respect of Trade Mark No. 418, 577 [1958] RPC 466, the court made a clear distinction between actual use and a mere intention to use the mark. In the latter instance there was no recognized use of the mark.

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[42] In the present case, there is no physical use of the 'Parliament' trade mark during the relevant statutory period by the first defendant. Therefore, there is no 'use' in the context of the TMA 1976.

C

[43] In *Lam Soon Edible Sdn Bhd (supra)*, Justice Azahar Mohamad referred to *Hermes Trade Marks* [1982] RPC 425 where it was held:

The phrase 'in the course of trade' is wide enough to cover the steps necessary for the production of goods as well as their actual placing on the market ...

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[44] Even if we apply the above principle, I agree with the plaintiff that 'studying and collating information and gathering insights' cannot be said to amount to 'steps necessary for the production of goods'. If at all, it may only be said to amount to an intention to use the mark in the future, which according to *Godrej Sara Lee Ltd (supra)* case does not amount to a recognized use of the mark.

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[45] In any event, in *Lam Soon Edible Sdn Bhd* case itself, Justice Azahar Mohamad made reference to continuous development and research and collation of information during the relevant statutory period when considering the question of use. There is clearly no such evidence here except for the bare averment in the first defendant's affidavit.

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[46] Added to that, in the *Lam Soon Edible Sdn Bhd* case, the goods in question had been extensively sold prior to statutory period and had only stopped due to a drop in demand and whilst research and development was being conducted on a new range. The goods in question bearing the trade mark in question had in any event been continually advertised during the statutory period. The court finds that the respondent had established through evidence that the development and research was being conducted relating to a new range of products and that the respondent had taken all the necessary steps including the finalisation of packaging artwork and acquisition of raw materials for manufacture of the goods during the statutory period. This eventually did lead to the launch and sale of the product in question.

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[47] Unlike the *Lam Soon Edible Sdn Bhd* case, there is also no extensive sale of the 'Parliament' cigarettes, as the sale was only a one - off sale of a mere 8 1/2 cartons, not in Kuala Lumpur, but in a small town of Bidor in Perak in 2008. Added to that, in the present case, there is no such evidence

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- A adduced by the first defendant, with regards to the results of the research, and any other necessary steps taken for the manufacture of the ‘Parliament’ cigarettes. Making a bare assertion that it is studying and collating information and gathering insights is clearly not enough to show steps taken for the purpose of production.
- B [48] The first defendant further submits that the plaintiff is not entitled to rely on s. 46(1)(b) as the failure of non-use is due to special circumstance, and is not an intention not to use or abandon the trade mark. The defendant submits that the non-use is due to the Control of Tobacco Products Regulations which prohibits all forms of tobacco advertising and that it was
- C collating information and gathering insights to come up with a revised launch strategy.
- [49] The special circumstance within sub-s. (4) of s. 46, reads as follows:
- D (4) An applicant is not entitled to rely for the purpose of (b) or for the purpose of subsection (3) on any failure to use a trade mark if the failure is shown to have been due to special circumstances in the trade and not to an intention not to use or to abandon the trade mark in relation to the goods to which the application relates.
- E [50] The said provision was considered by Justice Ramly in the case of *Godrej Sara (supra)*, where His Lordship had applied the principle in *BULOVA Trade Mark* [1967] RPC 229 and held as follows:
- [32] In the decision in *BULOVA Trade Mark* [1967] RPC 229, Ungood Thomas J held relying on the decision of Evershed LJ in the case of *Aktiebolaget Manus v. Fullwood & Blkand Ltd* [1949] 66 RPC 71 as follows:
- F It seems to me that both what Evershed LJ refers to as “the ordinary and common-sense meaning of the words of the section and his own observations lay down that, if “peculiar or abnormal”, “external” circumstances exist due to which there is non-use, then the requirement of the section is satisfied ...
- G [33] Two (2) conditions thus have to be satisfied which are as follows:
- (i) **the special circumstance must be peculiar or abnormal and must be external in nature;** and
- (ii) the non-use must be as a result of those circumstances.
- H ...
- [36] It is thus clear from the facts and evidence that the **non-use was purely a commercial choice and not due to any peculiar or abnormal external event** ... (emphasis added)
- I [51] On this, I agree with the plaintiff that the reason given by the first defendant for non-use, namely the collating of information and gathering insights to come up with a revised launch strategy, is not from an abnormal external event, but is clearly a commercial choice. After an unsuccessful

launch in 2008, the first defendant has decided to stop the production of the 'Parliament' cigarettes. As such, the first defendant cannot rely on s. 46(4) of Act 175. Further, it is naive for the first defendant to blame the Control of Tobacco Products Regulations which prohibits all forms of tobacco advertising for the non-use of the Parliament mark. The said Regulations have nothing to do with their commercial decision to stop the sale of the 'Parliament' cigarettes in the first place.

[52] Premised on the reasons above, the plaintiff's application is allowed with costs.

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